



The Power of Planned Giving and Endowment

April 14, 2020

Saint Paul & Minnesota Foundation

Our Aspiration: At the Saint Paul & Minnesota Foundation, we envision an equitable, just and vibrant Minnesota where all people and communities thrive.

Our Strategic Goals:

- ▶ Inspire generosity
- ▶ Advocate for equity
- ▶ Invest in community-led solutions

Saint Paul & Minnesota Foundation

- Our collective impact in 2019:
 - 8,129 grants given
 - \$82 million in grants awarded
- Manage three large investment portfolios (as of 12/31/19):
 - The Community Investment Group - \$ 832 million
 - U.S. Bank - \$331 million
 - F. R. Bigelow Foundation Mission Related Investment Portfolio - \$18 million
- Partner with 200 nonprofit organizations to manage:
 - 400 endowed funds
 - \$200 million in nonprofit assets

Today's Agenda

- Why endowment and planned giving?
- Endowment overview
- Planned giving overview
- Marketing endowment and planned giving
- Resources
- Questions?

Who's in the room?

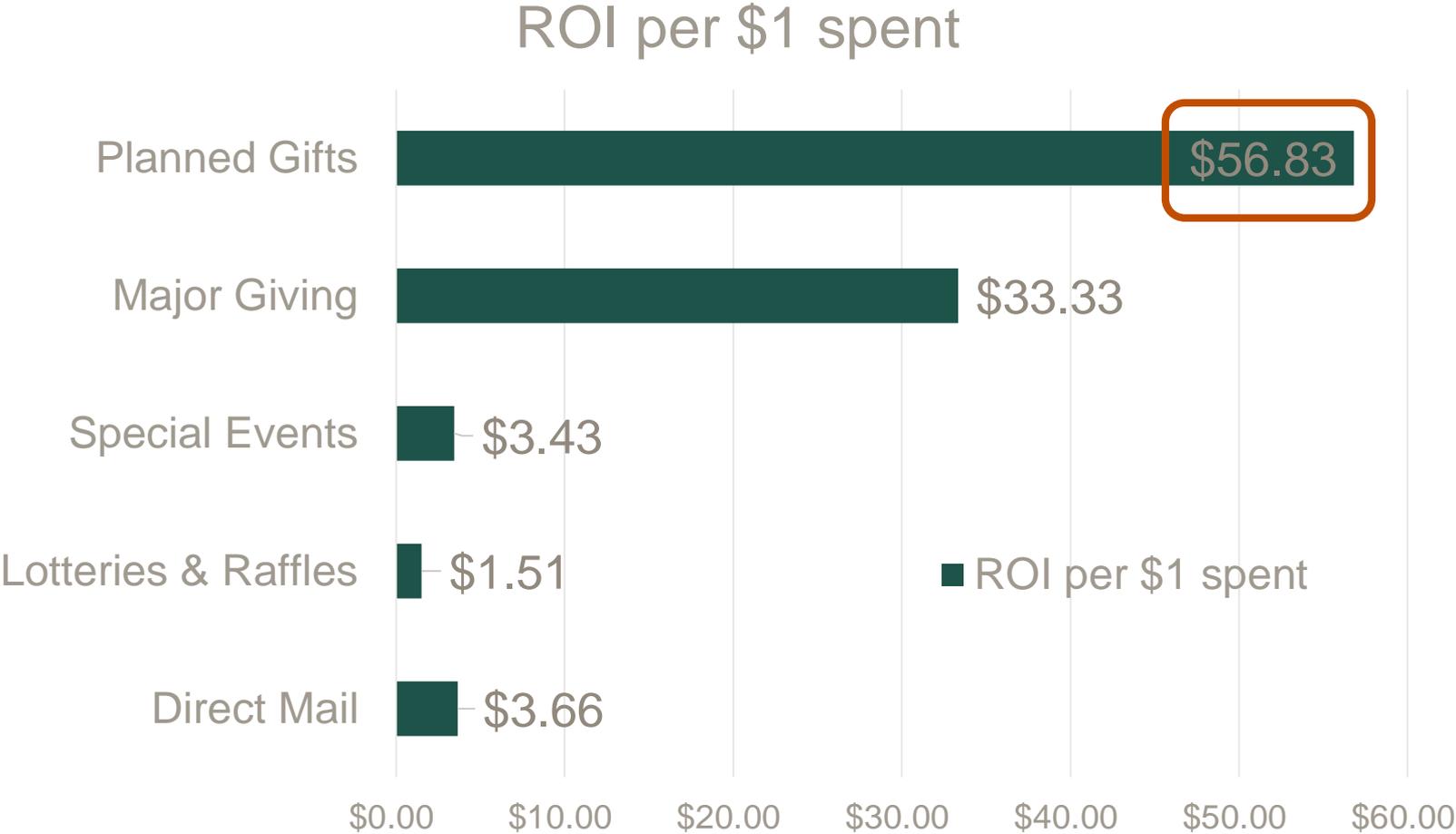
- A :: Executive Director
- B :: Finance Staff
- C :: Development Staff
- D :: Other



Why Endowment and Planned Giving?

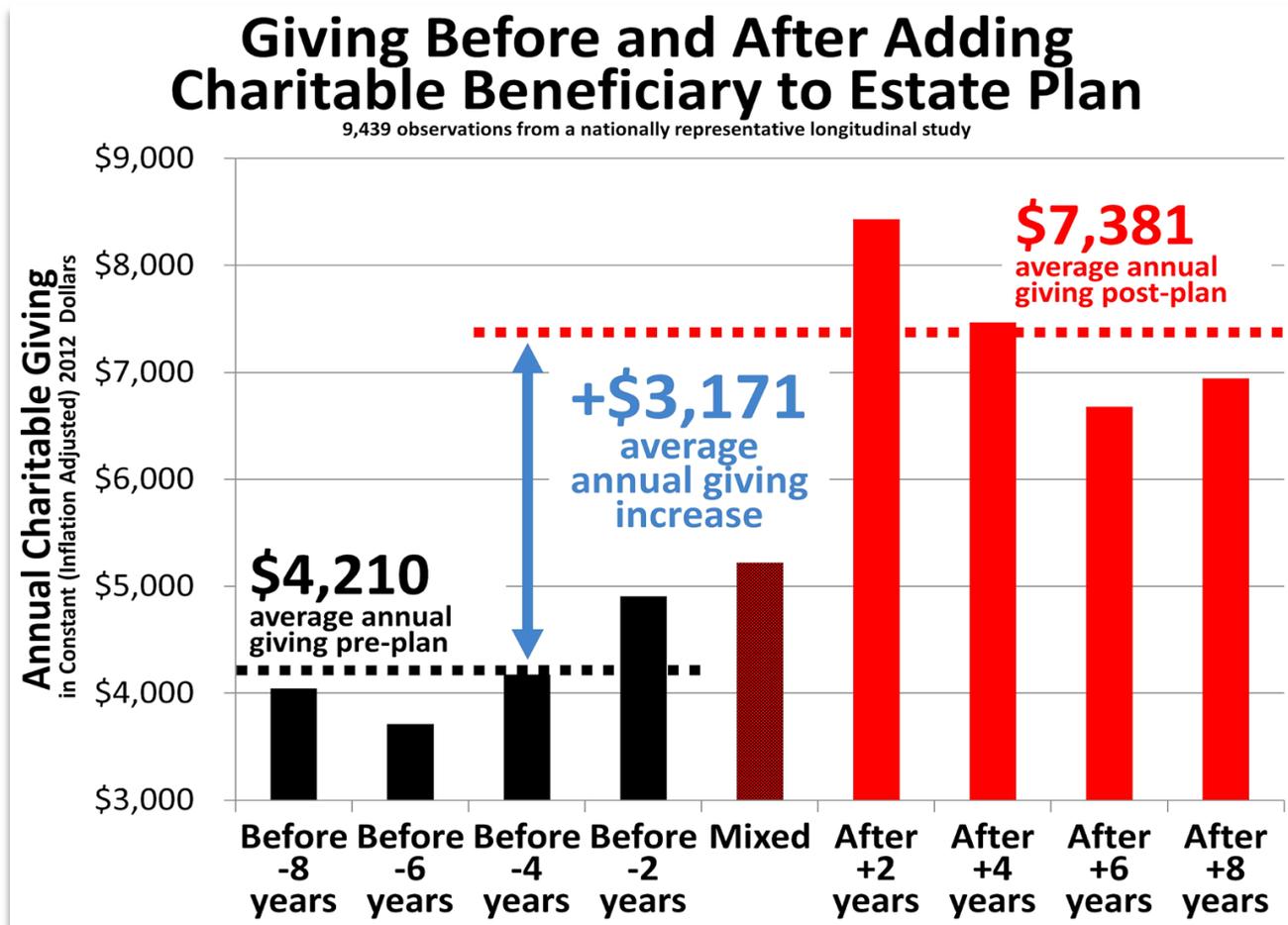


Why Planned Giving?



Source: 2013 Research Study by AskRight

Why Planned Giving?



Source: Source: Dr. Russell James, EncourageGenerosity.com

Why Planned Giving?

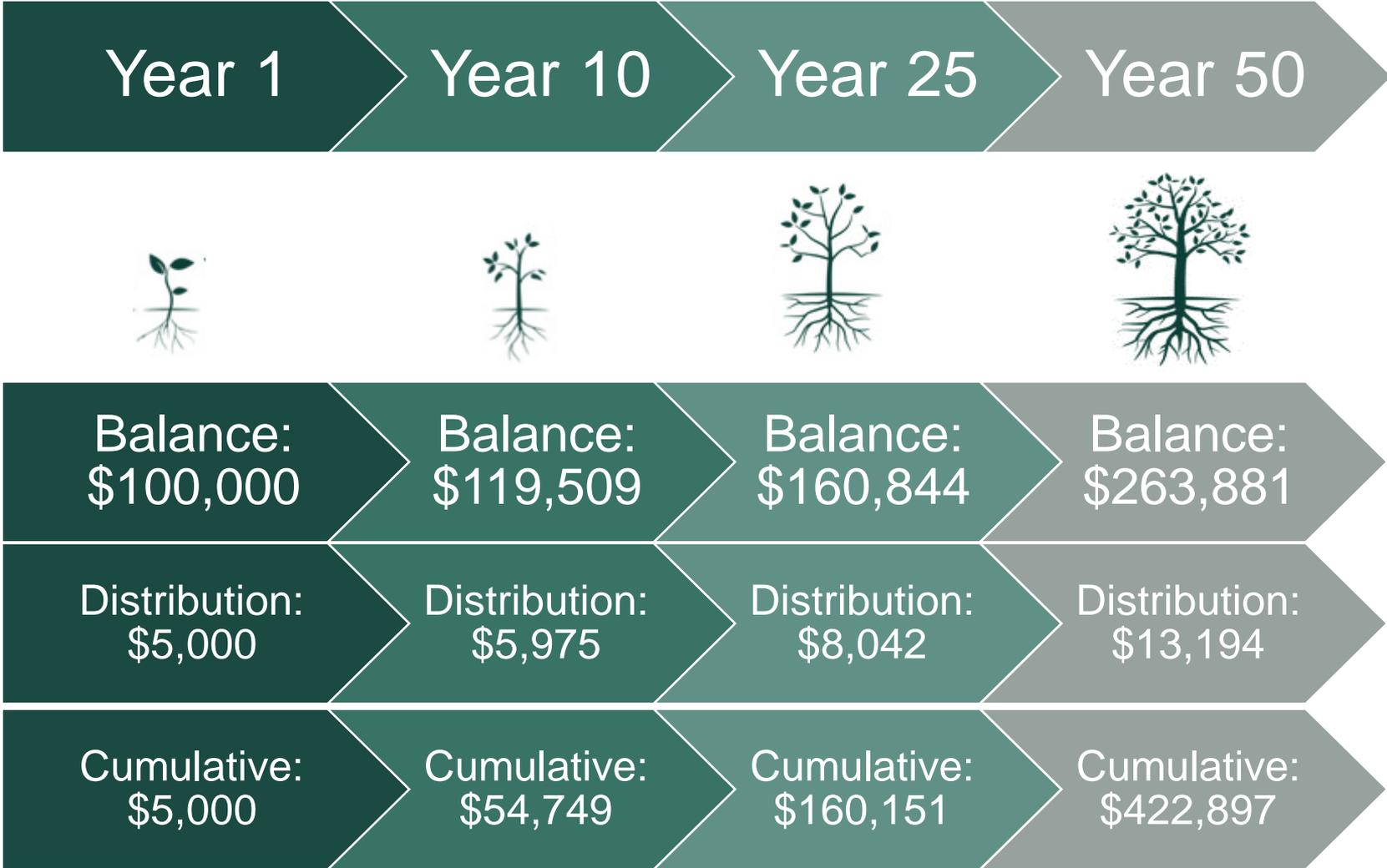
- Generational wealth transfer
 - In the next 25 years, **\$68 trillion** will be passed on to heirs
- Baby Boomer generation is retiring in waves
 - Wealthy
 - Charitably-inclined
 - Sensitive to the value of reliable income

Sources: Bryan Clontz / Dr. Russell James / Cerulli Associates

Why Planned Giving?



Why Endowment?



An Organization's Motivation

- Creates an ongoing, diversified income stream
- Provides for future generations
- Enhances stability, prestige, sophistication and permanency
- Relieves pressure on the annual fund
- Allows program expansion
- Builds a pipeline of planned gifts

Minneapolis Parks Foundation



A Donor's Motivation

- Leave a legacy
- Memorialize a loved one
- Make a financial statement about one's values/beliefs
- Recognition/status (i.e. named endowments)
- Life income gifts
- Limit transfer of assets to heirs
- Enjoy tax benefits now and in the future

Mike and Steve





Endowment Overview



Does your nonprofit have an endowment?

- Yes
- No
- Unsure

UPMIFA

- **Uniform Prudent Management of Institutional Funds Act** (abbreviated **UPMIFA**)
- Provides guidance on investment and endowments for nonprofit and charitable organizations
 - Opportunity to diversify investments
 - Requires the Board to act in good faith and consider the needs of the charity
- “Endowment fund” does not include funds that the charity designates as endowment

UPMIFA

- Requires the nonprofit or the charity to follow donor intent when an endowment is established
 - When donor's intent is not expressed, UPMIFA directs the charity to spend an amount that is prudent, consistent with the purposes of the fund, and that the fund continue in perpetuity

Types of Endowment

- Permanent
 - Designed to keep corpus intact to grow over time
 - Allows the nonprofit to use annual income for programs or operations
- Term
 - Donor-restricted gifts for a amount of time, often for a specific program
- Quasi (or board-designated)
 - The board oversees the operations and management of the endowment. Usually, these do not have donor-restrictions. As such, the board may have the right to spend the funds at any time.



Planned Giving Overview



Types of Planned Gifts

- Bequests from Wills or Revocable Trusts
 - Simple and most easily understood by donors
 - Revocable
 - Staff time and expertise
 - Requires assistance from an attorney
 - Regular communication and marketing is important

Types of Planned Gifts

- Beneficiary Designations of Retirement Account Assets
 - 401(k), 403(b), 401(a), IRA
 - Increasingly important to nonprofits
 - Easy to set up and change
 - Does not require attorney assistance
 - Passes to charity outside of probate
 - Tax-smart way to give at death
 - IRA Qualified Charitable Distributions

Types of Planned Gifts

- Beneficiary Designations of Life Insurance Policy Proceeds
 - Easy to set up and change
 - Does not require attorney assistance
 - Passes to charity outside of probate
 - Good for donors who no longer need policies
 - Outright gifts of policies with cash value

Types of Planned Gifts

- Life-Income Gifts
 - Charitable Gift Annuity (CGA)
 - Charitable Remainder Trust (CRT)
 - Donors receive income in exchange for a contribution
 - Donors receive a current income tax deduction
 - Gift is irrevocable
 - Charity receives remainder at donors death.

Types of Planned Gifts

- Charitable Gift Annuity
 - Simple contract between donor and charity
 - Annuity is a percentage of amount contributed
 - Rate determined by annuitant's age
 - Payment is a general obligation of the charity
 - SPMF can issue gift annuities to donors to benefit your organization.

Types of Planned Gifts

- Charitable Remainder Trust
 - Donor creates trust agreement and transfers property to trustee
 - Donor chooses payout rate
 - Can be an Annuity Trust or Unitrust
 - With a Unitrust (CRUT), payments can increase (or decrease) with trust value
 - SPMF serves as trustee of CRTs to benefit your organization, using TIAA Kaspick.

Types of Planned Gifts

- Other Planned Gifts
 - Payable-on-Death (POD) and Transfer-on-Death (TOD) accounts
 - Transfer-on-Death Deeds for real estate
 - Lifetime gifts of real estate

- Less-common planned gifts:
 - Gifts with retained life estates
 - Charitable Lead Trusts (CLTs)



Marketing Endowment and Planned Giving



Create an Action Plan

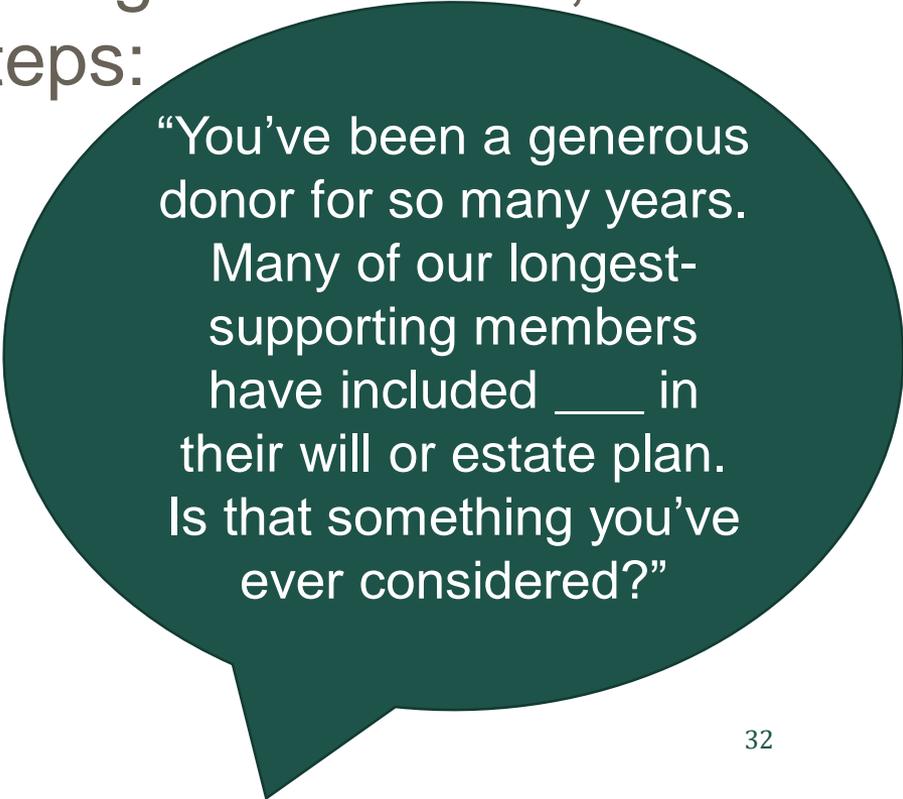
- Case for endowment support
 - Brief and to the point
 - Where the organization is today and it's plan for the future
 - How endowment is crucial for the future
- Define the role of the Board, executive leadership, development team, and marketing team to grow endowment
- Revisit and redefine gift acceptance policies and investment policies

Who makes a great planned gift donor?

- People age 60+
- Couples with no children
- Single adults and/or widows/widowers
- Champions of your mission
 - Board Members
 - Past Staff
 - Volunteers
- Donors with frequent and consistent past donations (not necessarily “significant” amounts)
- Donors with real estate ownership beyond primary residence

Personalized Solicitation

- Planned gifts and endowment contributions can and should be a part of an organization's comprehensive development plan.
- For individual planned giving solicitations, consider the following steps:
 - Build awareness
 - Generate leads
 - Inform and educate
 - Cultivate
 - Ask



“You’ve been a generous donor for so many years. Many of our longest-supporting members have included ___ in their will or estate plan. Is that something you’ve ever considered?”

Phrases that Encourage Planned Giving

How do you say “planned giving” so people will want to learn more?

I am definitely interested	Words Tested
3%	Gift planning
4%	Planned giving
7%	Giving now & later
16%	Other ways to give
20%	Other ways to give smarter
23%	Other ways to give cheaper, easier and smarter

I am definitely interested	Words Tested
8%	Other gifts
14%	More ways to give
15%	Give other ways
21%	How to give cheaper, easier, and smarter
22%	Other ways to give cheaper, easier and smarter

Marketing takeaway:

- ▶ Use benefit-oriented, simple words and phrases

Phrases that Encourage Planned Giving

How do you say “CGA” so people will want to learn more?

I am definitely interested	Words Tested
5%	Charitable gift annuities
9%	Life income gifts
26%	Get a tax deduction and make a gift that pays you income for life
28%	Gifts that pay you income for life
29%	Gifts that pay you income

Marketing takeaways:

- ▶ Avoid industry jargon, legalese, “insider” fundraising phrases and words they might not know
- ▶ Say what it is and how they benefit

Market with the Prospect in Mind

- Establish an emotional link between the organization, its mission, and the donor
- Be brief and to the point
- Make materials easy to read and understand
- Use visuals to demonstrate impact
- Utilize bullet points and pull quotes to highlight key points
- Include a call to action
- Provide direct contact information to a real person

Age Appropriate Messaging

- **Age 21 or older:**
 - Beneficiary designations for retirement assets or life insurance policies
 - Will bequests; payable-on-death designations on financial accounts
- **Age 60 or older;** all of the above, plus:
 - *Charitable Gift Annuities*
 - *Charitable Remainder Unitrusts*
- **Age 72 or older;** all of the above, plus:
 - *Qualified charitable distributions from IRAs*

Prospect Self-Identification

- Add a checkbox on current mailings
 - Please contact me about including ____ in my estate plans.
 - I have already included ____ in my estate plans

<p>Does your company match gifts to the University of Minnesota?</p> <p>Company _____</p> <p>Not sure? Go to www.matchinggifts.com/umn to find out if your employer matches gifts to the University of Minnesota or check with your company's human resources department.</p> <p><input type="checkbox"/> I have enclosed a matching gift form.</p> <p><input type="checkbox"/> I will send the form at a later date.</p>	<p>Please make any address updates or corrections below or do it online at update.umn.edu</p> <p>NAME _____ SPOUSE'S/PARTNER'S NAME _____</p> <p>ADDRESS _____</p> <p>CITY _____ STATE _____ ZIP _____</p> <p>PHONE <input type="checkbox"/> HOME <input type="checkbox"/> CELL <input type="checkbox"/> BUSINESS _____</p> <p>EMAIL _____</p>
<p>Planning on a future gift to the University?</p> <p><input type="checkbox"/> Please contact me about putting the University in my will.</p> <p><input type="checkbox"/> I have included the University in my estate plan.</p>	<p>University of Minnesota Foundation</p> <p>McNamara Alumni Center 200 Oak Stree SE, Ste 500 Minneapolis, MN 55455-2010</p> <p>612-624-3333 • 800-775-2187</p> <p>driven.umn.edu</p>
<p><input type="checkbox"/> This gift is in memory of _____</p> <p><input type="checkbox"/> This gift is in honor of _____</p> <p>_____ PLEASE NOTIFY _____</p>	

Direct Mail

- Create a special IRA Qualified Charitable Distribution postcard or mailing

ARE YOU AGE 70-1/2 OR OLDER? MAKE A TAX-SMART IRA GIFT TO MPR BEFORE YEAR-END!

You can exclude Individual Retirement Account distributions from your income when you make a gift to MPR through a Qualified Charitable Distribution—sometimes called an “IRA rollover gift”—from your IRA.

- The distribution **must be made from a traditional or Roth IRA** (not SEP or SIMPLE IRAs).
- You must be **at least 70-1/2 years of age** when the distribution is made.
- **You can donate up to \$100,000 per year without including the distribution in your gross income.** Married couples may be able to give up to \$200,000.
- The check must be payable to a **qualified public charity** like Minnesota Public Radio and **must be postmarked by December 31, 2013.**
- The distribution counts toward your annual required minimum distribution (RMD).

This giving opportunity benefits you and MPR at the same time, but it is **only available through the end of 2013.** Don't miss out—get in touch with your IRA administrator today!

LEARN MORE BY VISITING MPR.ORG/IRA OR BY CONTACTING JOE THIEGS AT 651.290.1583 OR JTHIEGS@MPR.ORG.

Thank you again for your support of MPR and the essential services it provides!





Recommended Resources



Recommended Resources

- Books:
 - Endowment Building (Newman)
 - Planned Giving in a Nutshell (Wruck)
 - Planned Giving Workbook (Jordan & Quynn)
 - Visual Planned Giving (James)

- Online:
 - Crescendo
 - The Stelter Company
 - PG Calc
 - Planned Giving Design Center



Questions?



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